



# Interim Financial Report

for the six months ended  
31 December 2017

ASX Appendix 4D pursuant to ASX listing rule 4.2A.3

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The information contained in this document should be read in conjunction with the accompanying Zeta Resources Limited Directors' Report and Financial Report for the six months ended 31 December 2017, the Zeta Resources Limited Annual Report for the year ended 30 June 2017 and any public announcements made by Zeta Resources Limited during the year in accordance with the continuous disclosure obligations arising under the Corporations Act 2001 and the ASX Listing Rules.

## RESULTS SUMMARY

### Results for announcement to the market

The functional and presentation currency is United States Dollars

	<b>31 December 2017 US\$</b>	31 December 2016 US\$
<b>Financial Results</b>		
Profit from ordinary activities	<b>16,245,090</b>	20,274,163
Profit from ordinary activities after tax attributable to members	<b>15,211,212</b>	17,939,025
<b>Net profit for the period attributable to members</b>	<b>15,211,212</b>	17,939,025
<b>Dividends</b>		
Cents per ordinary share	<b>Nil*</b>	Nil
*No dividends have been declared or are payable for the period ended 31 December 2017		
<b>Tangible assets per ordinary share</b>		
Net tangible assets per share as at 31 December 2017 (in United States cents)	<b>36.19</b>	32.55

### Commentary

Refer to the Directors' Report on page 4 for a summary.

## Additional Information

### Control gained or lost over entities having material effect

On 13 July 2017 following the announcement of a takeover bid to acquire all Bligh Resources (ASX: BGH) shares not already owned, Zeta acquired a further 109,736,891 shares at a cost of A\$0.038 a share. Zeta now currently owns 85.75% of Bligh Resources.

On 10 November 2017 Zeta completed, via a court approved scheme of arrangement, the acquisition of all the issued share capital of Pan Pacific Petroleum NL (ASX: PPP) that it did not already own. This was settled by the payment of A\$6.327 million in cash and by the issue of 11,914,689 Zeta ordinary shares at A\$0.38 a share. Zeta now currently owns 100% of PPP.

### Dividends paid or provided for

No dividends declared for the half year ended 31 December 2017. Refer to results summary.

### Dividends reinvestment plan

No dividends or distribution reinvestment plan was in operation during the period ended 31 December 2017.

### Net tangible assets per share

Details of net tangible asset backing are set out in the results summary.

### Details of associates and joint ventures

None.

### Accounting standards for foreign entities

The financial statements have been prepared in accordance with the provisions of the Bermuda Companies Act 1981 and International Financial Reporting Standards.

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Peter Sullivan  
7 February 2018

## CORPORATE DIRECTORY

Zeta Resources Limited  
Company ARBN: 162 902 481  
[www.zetaresources.limited](http://www.zetaresources.limited)

### NON-EXECUTIVE DIRECTORS

Peter Sullivan (Chairman)  
Marthinus (Martin) Botha  
Xi Xi

### REGISTERED OFFICE

34 Bermudiana Road  
Hamilton HM 11  
Bermuda  
Company Registration Number: 46795

### AUSTRALIAN REGISTERED OFFICE

Level 2, 220 George Street  
Sydney NSW 2000  
PO Box 785  
Avalon NSW 2107  
Australia  
Telephone: +61 414 224 494

### NEW ZEALAND OFFICE

ICM NZ Limited  
PO Box 25437  
Featherston Street  
Wellington 6146  
Telephone: +64 4 901 7600  
Email: [contact@icmz.co.nz](mailto:contact@icmz.co.nz)

### INVESTMENT MANAGER

ICM Limited  
34 Bermudiana Road  
Hamilton HM 11  
Bermuda  
Telephone: +1 441 299 2894

### SECRETARY

ICM Limited  
34 Bermudiana Road  
PO Box HM 1748  
Hamilton HM GX  
Bermuda

### GENERAL ADMINISTRATION

ICM Corporate Services (Pty) Ltd  
1 Knutsford Road  
Wynberg 7800  
Cape Town  
South Africa

### AUDITOR

KPMG Inc  
MSC House  
1 Mediterranean Street, Foreshore  
8001, Cape Town  
South Africa

### CUSTODIAN

JP Morgan Chase Bank NA  
London Branch  
25 Bank Street  
Canary Wharf  
London E14 5JP  
United Kingdom

### REGISTRAR

Security Transfer Registrars Pty Limited  
770 Canning Highway  
Applecross WA 6153  
Australia  
Telephone: +61 8 9315 2333

### STOCK EXCHANGE LISTING

The company's shares are quoted on the Official List of the Australian Securities Exchange, Ticker code: ZER

## DIRECTORS' REPORT

Your directors present their report of Zeta Resources Limited ("the company") for the six months ended 31 December 2017.

### DIRECTORS

The names of directors in office during the six months ended 31 December 2017 and until the date of this report are as follows. Directors were in office for this entire period.

Peter Ross Sullivan

Marthinus Botha

Xi Xi

### PRINCIPAL ACTIVITIES

The principal activities of the company are investing in listed and unlisted resource focussed investments.

No significant change in the nature of these activities occurred during the period.

### REVIEW OF INVESTING ACTIVITY

During the six-month period ended 31 December 2017, commodity prices were up. Oil prices rose, with the Brent crude oil price up 39.5% to US\$66.87 per barrel. The gold price was up 4.4% to US\$1,297/oz, while the nickel price was up 30.2% to US\$5.48/lb.

In line with the rise in commodity prices, the net assets of the company rose by 35.5% from US\$53.0 million to US\$71.8 million. However, the net assets per share only rose 27.2% due to dilution from the exercise of options by parent company UIL Limited during the period. During the period, New Zealand Oil & Gas Limited ("NZOG") was subject to a partial takeover bid by O.G. Oil & Gas (Singapore) Pte. Ltd. ("O.G. Oil & Gas"), benefiting Zeta's investment in NZOG.

### FINANCIAL POSITION

At the end of the six months the company had \$216,083 in cash and cash equivalents. Investments at fair value totalled \$77,877,484 and the investments in subsidiaries were valued at \$4,358,761.

During the period the company bought back, at cost from its wholly-owned subsidiary Zeta Energy Pte. Ltd., listed investments in Oilex Limited, Pan Pacific Petroleum NL and Seacrest LP. At the end of the period the loan had been reduced to a value of \$18,070,524. As a result of buy back of the shares and an increase in the share prices of shares still held by Zeta Energy, the loan has been impaired, through profit and loss, to the fair value of the listed investments held. In the current period the impairment was reduced by an amount of \$12,535,975.

The company has a loan owing to UIL Limited ("UIL") of \$19,150,033 and loans owing to its subsidiary of \$5,338,422 at the period end.

### RESULTS

The net profit after income tax attributable to the company for the six months to 31 December 2017 is \$15,211,212.

### DIVIDENDS

No dividends have been paid or declared since the start of the period. No recommendation is made as to dividends.

## AFTER BALANCE DATE EVENTS

### Axelrock Limited

Zeta Resources Limited has executed a binding term sheet to acquire investment holding company Axelrock Limited ("Axelrock"). Per the term sheet, Zeta will acquire Axelrock for a security value of A\$50.1m by the issue of 110.8m new Zeta shares at a deemed issue price of A\$0.452 per share. Either party may, prior to the despatch of any notice of meeting required to be issued, request a good faith review of the consideration if there has been an adverse movement of at least 10% in the Axelrock portfolio value or the NTA of Zeta. The acquisition will occur before 30 June 2018.

### New Zealand Oil & Gas Limited

On 19 January 2018 following the acceptance by Zeta Energy of a partial takeover offer by O.G. Oil & Gas in respect of its shareholding in NZOG, 25,088,493 NZOG shares were accepted in the offer for NZ\$18.57m in cash. Subsequent to this, Zeta Energy has repaid NZ\$18.5m of its investment loan from Zeta. Also, Zeta has repaid NZ\$3.0m of its loan from subsidiary and NZ\$14.17m of its loan from parent.

## AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration is included in the report.

This report is signed in accordance with a resolution of directors.



Peter R Sullivan  
Chairman  
Perth, Western Australia  
7 February 2018

# INDEPENDENT AUDITOR'S REVIEW REPORT



**KPMG Inc.**  
MSC House  
1 Mediterranean Street, Foreshore, 8001  
PO Box 4609, Cape Town, 8000, South Africa

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Docex 102 Cape Town  
Internet kpmg.co.za

## Independent Auditor's Report on Interim Financial Statements

*To the Shareholders of Zeta Resources Limited*

We have reviewed the condensed financial statements of Zeta Resources Limited set out on pages 9 to 25, which comprise the interim statement of financial position as at 31 December 2017, and the interim statements of comprehensive income, changes in equity and cash flows for the six month period then ended, and selected explanatory notes.

### *Directors' Responsibility for the Interim Financial Statements*

The directors are responsible for the preparation and fair presentation of these interim financial statements in accordance with the International Financial Reporting Standard, ("IAS") 34 *Interim Financial Reporting*, and for such internal control as the directors determine is necessary to enable the preparation of interim financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's responsibility*

Our responsibility is to express a conclusion on these interim financial statements. We conducted our review in accordance with the International Standard on Review Engagements (ISRE) 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework. This Standard also requires us to comply with relevant ethical requirements.

A review of interim financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

KPMG Inc. is a company incorporated under the South African Companies Act and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

KPMG Inc. is a Registered Auditor, in public practice, in terms of the Auditing Profession Act, 26 of 2005.

Registration number 1999/021543/21

Chief Executive: N Dicomu  
Directors: Full list on website

The company's principal place of business is at KPMG Crescent, 5th Empire Road, Harare, where a list of the directors' names is available for inspection.



# INDEPENDENT AUDITOR'S REVIEW REPORT (continued)



The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

## *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements of Zeta Resources Limited for the six month period ended 31 December 2017 are not prepared, in all material respects, in accordance with the International Financial Reporting Standard, ("IAS") 34 Interim Financial Reporting.

**KPMG Inc.**

A handwritten signature in blue ink, appearing to read 'PJ Conradie', written in a cursive style.

Per PJ Conradie  
Chartered Accountant (SA)  
Registered Auditor  
7 February 2018

# AUDITOR'S INDEPENDENCE DECLARATION



**KPMG Inc.**  
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1 Mediterranean Street, Foreshore, 8001  
PO Box 4609, Cape Town, 8000, South Africa

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## **Independent Auditor's Declaration to the directors of Zeta Resources Limited**

In relation to our review of the condensed interim financial statements of Zeta Resources Limited for the six month period ended 31 December 2017, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the International Standards on Auditing or any applicable code of professional conduct.

**KPMG Inc.**

Per: PJ Conradie  
Chartered Accountant (SA)  
Registered Auditor  
Director  
7 February 2018

KPMG Inc. is a company incorporated under the South African Companies Act and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

KPMG Inc. is a Registered Auditor, in public practice, in terms of the Auditing Profession Act, 26 of 2005.

Registration number 1999/021543/21

Chief Executive: N Diomu  
Directors: Full list on website

The company's principal place of business is at KPMG Crescent, 85 Empire Road, Parktown, where a list of the directors' names is available for inspection.

## CONDENSED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 31 December 2017		6 months ended 31 December 2017 US\$	6 months ended 31 December 2016 US\$
	Notes		
<b>Revenue</b>			
Investment income	12	<b>16,245,090</b>	20,274,163
Other income		<b>805,270</b>	41,404
		<b>17,050,360</b>	20,315,567
<b>Expenses</b>			
Directors fees		<b>(75,000)</b>	(75,000)
Foreign exchange losses		-	(405,114)
Interest expense		<b>(1,112,921)</b>	(1,398,643)
Management and consulting fees		<b>(465,645)</b>	(324,406)
Operating and administration expenses		<b>(185,582)</b>	(173,379)
<b>Profit before tax</b>		<b>15,211,212</b>	17,939,025
Income tax	13	-	-
<b>Profit for the period</b>		<b>15,211,212</b>	17,939,025
<b>Total comprehensive income for the period</b>		<b>15,211,212</b>	17,939,025
<b>Profit per share</b>			
Basic and diluted profit per share (cents per share)	14	<b>8</b>	10

## CONDENSED STATEMENT OF FINANCIAL POSITION

at 31 December 2017		31 December 2017 US\$	30 June 2017 US\$
	Notes		
<b>Non-current assets</b>			
Investment in subsidiaries	4	4,358,761	3,181,102
Investments	5	77,877,484	47,685,376
Loans to subsidiaries	6	14,169,267	30,027,206
<b>Current assets</b>			
Cash and cash equivalents	7	216,083	15,828
<b>Total assets</b>		<b>96,621,595</b>	<b>80,909,512</b>
<b>Non-current liabilities</b>			
Loans from subsidiary	8	(5,338,422)	(5,351,022)
Loan from parent	9	(19,150,033)	(22,257,029)
<b>Current liabilities</b>			
Trade and other payables	10	(346,845)	(260,421)
<b>Total liabilities</b>		<b>(24,835,300)</b>	<b>(27,868,472)</b>
<b>Net assets</b>		<b>71,786,295</b>	<b>53,041,040</b>
<b>Equity</b>			
Share capital	11	1884	900
Share premium	11	87,031,420	66,233,041
Options	11	-	17,265,320
Accumulated losses		(15,247,009)	(30,458,221)
<b>Total equity</b>		<b>71,786,295</b>	<b>53,041,040</b>

## CONDENSED STATEMENT OF CHANGES IN EQUITY

for the six months ended 31 December 2017	Share capital US\$	Share premium US\$	Options US\$	Accumulated loss US\$	Total US\$
<b>Balance at 30 June 2016</b>	900	66,233,041	17,265,320	(40,736,127)	42,763,134
Profit for the period	-	-	-	17,939,025	17,939,025
<b>Balance at 31 December 2016</b>	900	66,233,041	17,265,320	(22,797,102)	60,702,159
Profit for the period	-	-	-	(7,661,119)	(7,661,119)
<b>Balance at 30 June 2017</b>	900	66,233,041	17,265,320	(30,458,221)	53,041,040
<b>Balance at 1 July 2017</b>	900	66,233,041	17,265,320	(30,458,221)	53,041,040
Issue of share capital	119	3,467,556	-	-	3,467,675
Issue of options	865	17,330,823	(17,265,320)	-	66,368
Profit for the period	-	-	-	15,211,212	15,211,212
<b>Balance at 31 December 2017</b>	1,884	87,031,420	-	(15,247,009)	71,786,295

## CONDENSED STATEMENT OF CASH FLOWS

for the six months ended 31 December 2017		6 months ended 31 December 2017 US\$	6 months ended 31 December 2016 US\$
	Notes		
<b>Cash utilised in operating activities</b>			
Cash generated/(utilised) by operations	15.1	(321,187)	2,465
Interest received		32	14
Interest paid		(1,112,921)	(1,398,643)
<b>Net cash outflow from operating activities</b>		<b>(1,434,076)</b>	<b>(1,396,164)</b>
<b>Cash flows from investing activities</b>			
Investments purchased		(28,010,856)	(3,436,918)
Investments sold		25,382	19,992,411
Decrease/(increase) in loans to subsidiaries		28,400,088	(8,809,475)
<b>Net cash inflow/(outflow) from investing activities</b>		<b>414,614</b>	<b>7,746,018</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	11	3,534,043	-
Decrease in loan from parent	9	(3,106,996)	(7,903,055)
(Decrease)/increase in loan from subsidiary	8	(12,600)	1,725,767
<b>Net cash (outflow)/inflow from financing activities</b>		<b>414,447</b>	<b>(6,177,288)</b>
<b>Net movement in cash and cash equivalents</b>		<b>(605,015)</b>	<b>172,566</b>
Cash and cash equivalents at the beginning of the period		15,828	238,893
Effect of exchange rate fluctuations on cash held		805,270	(405,114)
<b>Cash and cash equivalents at end of the period</b>	7	<b>216,083</b>	<b>6,345</b>

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

## 1. REPORTING ENTITY

Zeta Resources Limited ("the company") is an investment company incorporated on 13 August 2012, listed on the Australian Stock Exchange and domiciled in Bermuda. The condensed interim financial statements of the company as at and for the six months ended 31 December 2017 comprise the company only.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

These condensed interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. The statements do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the financial position and performance since the last annual financial statements as at and for the year ended 30 June 2017.

These condensed interim financial statements were authorised for issue by the board of directors on 7 February 2018.

### 2.2 Basis of measurement

These condensed interim financial statements provide information about the financial position, results of operations and changes in financial position of the company. They have been prepared on the historic cost basis except for financial instruments at fair value through profit or loss, which are measured at fair value.

### 2.3 Functional and presentation currency

The company's functional and presentational currency is United States Dollars.

### 2.4 Use of estimates and judgements

In preparing these condensed interim financial statements, management make judgements, estimates and assumptions with regards to investments that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions are recognised in the period in which the estimate is revised and in any future periods affected.

The significant judgements made by management in applying the company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the period ended 30 June 2017.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these interim financial statements are the same as those applied in the financial statements as at and for the year ended 30 June 2017.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

	<b>31 December 2017 US\$</b>	30 June 2017 US\$
<b>4. INVESTMENT IN SUBSIDIARIES</b>		
Investment in Kumarina Resources Limited ("Kumarina")	<b>3,236,512</b>	3,181,100
Investment in Pan Pacific Petroleum NL ("PPP")	<b>1,122,247</b>	-
Investment in Zeta Investments Limited ("Zeta Investments")	<b>1</b>	1
Investment in Zeta Energy Pte. Ltd. ("Zeta Energy")	<b>1</b>	1
	<b>4,358,761</b>	3,181,102

Investments in subsidiaries are held as part of the investment portfolio and consequently, in accordance with IFRS 10 are not consolidated but rather shown at fair value through profit and loss. The directors' fair valuation of Kumarina is still considered to be its 2013 cost value as there have been no significant changes in the entity and its prospects. The company had the following subsidiaries as at 31 December 2017:

	<b>Country of incorporation and operations</b>	<b>Number of ordinary shares</b>	<b>Percentage of ordinary shares held</b>
<b>31 December 2017</b>			
Kumarina	Australia	26,245,610	100%
Pan Pacific Petroleum	Australia	581,942,846	100%
Zeta Investments	Bermuda	1,000	100%
Zeta Energy	Singapore	1	100%
<b>30 June 2017</b>			
Kumarina Resources	Australia	26,245,610	100%
Zeta Investments	Bermuda	1,000	100%
Zeta Energy	Singapore	1	100%

	<b>31 December 2017 US\$</b>	30 June 2017 US\$
<b>5. INVESTMENTS</b>		
Financial assets at fair value through profit or loss	<b>77,877,484</b>	47,685,376
<b>Equity securities at fair value</b>		
Ordinary shares - listed	<b>70,532,877</b>	47,276,793
Subscription and other rights - unlisted	<b>7,344,607</b>	408,583
	<b>77,877,484</b>	47,685,376
<b>Equity securities at cost</b>		
Ordinary shares - listed	<b>54,512,027</b>	45,142,335
Subscription and other rights - unlisted	<b>13,324,490</b>	706,040
	<b>67,836,517</b>	45,848,375



## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

<b>Investments held by the company at the reporting date</b>	<b>Number of Shares</b>
<b>Listed</b>	
Bligh Resources Limited	245,173,850
Oilex Limited	121,323,567
Panoramic Resources Limited	118,395,931
Altona Mining Limited	30,610,631
Resolute Mining Limited	20,784,000
GME Resources Limited	28,282,776
Other Investments	15,744,218
<b>Unlisted</b>	
Seacrest LP	10,665,300
Other Investments	7,802,654
<b>Other rights</b>	1,038,331

Listed investments held by subsidiaries of the company include 27,831,122 shares in New Zealand Oil & Gas Limited.

During the reporting period the company also received loans from its subsidiary Zeta Energy. To secure the loans Zeta Resources has pledged certain quantities of its shares held in listed entities.

The shares pledged include: Resolute Mining Limited (11,000,000) and Panoramic Resources Limited (6,666,666).

	<b>31 December 2017 US\$</b>	30 June 2017 US\$
<b>6. LOANS TO SUBSIDIARIES</b>		
Loan to Zeta Energy	<b>13,833,382</b>	29,735,459
Loan to Kumarina	<b>335,885</b>	291,747
	<b>14,169,267</b>	30,027,206

The loan to Zeta Energy is denominated in New Zealand dollars to the value of NZ\$25.4 million. There are no fixed repayment terms and no interest is charged. During the period ended 31 December 2017, Zeta Energy sold back to its parent company, at cost, the investments held in Pan Pacific Petroleum NL, Oilex Limited and Seacrest LP. The loan to Zeta Energy, which was utilised for the purchase of listed investments, was impaired, through profit and loss, to the fair value of the company as determined by the directors. In determining the fair value of Zeta Energy, the directors have valued the listed investments held by the company at market value of the exchange they are listed on. As at 31 December 2017 the impairment to the loan totalled US\$4.237 million. The loan to Kumarina is denominated in Australian dollars and is interest free. There are no fixed repayment terms except that no repayment is due before 31 December 2018.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

	<b>31 December 2017 US\$</b>	30 June 2017 US\$
<b>7. CASH AND CASH EQUIVALENTS</b>		
Cash balance comprises:		
Cash at bank	<b>216,083</b>	15,828

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short term deposits are made for varying periods between three to six months depending on the immediate cash requirements of the company, and earn interest at the respective short-term deposit rates.

	<b>31 December 2017 US\$</b>	30 June 2017 US\$
<b>8. LOAN FROM SUBSIDIARY</b>		
Loan from Zeta Energy	<b>5,338,422</b>	5,361,022

The loan from Zeta Energy is denominated in Australian dollars to the value of A\$2.12 million (30 June 2017: A\$6.01 million) and New Zealand dollars to the value of NZ\$5.19 million (30 June 2017: NZ\$1.01 million) and currently attracts interest at rates between 6.85% per annum (30 June 2017: 6.85%) on the Australian dollar loan and at 6.00% per annum (30 June 2017: 6.00%) on the New Zealand dollar loan. There are no fixed repayment terms except that no repayment is due before 31 December 2018. Zeta Energy has in turn borrowed these funds from Leveraged Equities Finance Limited and Bell Potter Capital Limited Australia on the same interest and repayment terms. In order to secure the loans Zeta has pledged certain of its investments as per note 5.

	<b>31 December 2017 US\$</b>	30 June 2017 US\$
<b>9. LOAN FROM PARENT</b>		
Loan from UIL Limited ("UIL")	<b>19,150,033</b>	22,257,029

The loan is denominated in Australian dollars to the value of A\$24.52 million (30 June 2017: A\$28.99 million), carries interest at 7.5% per annum (30 June 2017: 7.5%) and no repayment is due before 31 December 2018. During the year the company received A\$12.74 million of funding for the purchase of investments, capitalised interest of A\$1.21 million and made further repayments of A\$18.43 million.

	<b>31 December 2017 US\$</b>	30 June 2017 US\$
<b>10. TRADE AND OTHER PAYABLES</b>		
Accruals	<b>346,845</b>	260,421

The accruals are for audit, management, directors and administration fees payable.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

### 11. SHARE CAPITAL AND SHARE PREMIUM

#### Authorised

5,000,000,000 ordinary shares of par value \$0.00001

#### Issued

Ordinary shares	Number of Shares	Share Capital	Share Premium
<b>Balance as at incorporation</b>		-	-
Issued at incorporation as \$1 par shares	100	-	-
Shares split into 10,000,000 shares of \$0.00001 each	9,999,900	-	-
Issued in consideration for purchase of investments from UIL	22,835,042	228	32,221,936
Issued in consideration for purchase of 100% of Kumarina	17,775,514	178	13,406,337
Issued under initial public offering	4,000	-	3,795
Issued under public rights issue dated 10 February 2014	42,616,164	426	19,249,296
Issued under ASX listing rule 10.11 dated 7 December 2015	6,769,280	68	1,351,677
<b>Balance as at 30 June 2017</b>	100,000,000	900	66,233,041
Issued under a scheme of arrangement pursuant to acquiring all the ordinary share capital of PPP	11,914,689	119	3,467,556
Issued pursuant to an exercise of options	86,461,440	865	17,330,823
<b>Balance as at 31 December 2017</b>	198,376,129	1,884	87,031,420
	<b>Options</b>	<b>31 December 2017 US\$</b>	<b>30 June 2017 US\$</b>
Balance at the beginning of the period (Note 1)	86,461,440	17,265,320	17,265,320
Exercised during the interim period	(86,461,440)	(17,265,320)	-
<b>Balance at the end of the period</b>	-	-	17,265,320

Note 1 – The UIL options were exercisable at a price of A\$0.001 into one ordinary share until 7 December 2019 and were issued at a premium of A\$0.2817 per option. They were exercised in full on 10 November 2017.

	31 December 2017 US\$	31 December 2016 US\$
<b>12. INVESTMENT INCOME</b>		
Interest income	32	14
Dividend income	318,616	380,939
Realised gains	6,173	5,511,708
Unrealised fair value gains on financial assets:		
- at fair value through profit or loss	3,384,294	9,013,127
Impairment of loan to subsidiary:		
- at fair value through profit or loss	12,535,975	5,368,375
	<b>16,245,090</b>	<b>20,274,163</b>

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

### 13. INCOME TAX

The company is domiciled in Bermuda and has elected to be tax exempt in terms of local legislation. As such no tax is payable.

	<b>31 December 2017 US\$</b>	31 December 2016 US\$
<b>14. PROFIT PER SHARE</b>		
Basic and diluted profit per share	<b>0.08</b>	0.10
Profit used in the calculation of basic and diluted earnings per share	<b>15,211,212</b>	17,939,025
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic and diluted earnings per share	<b>190,329,933</b>	186,461,440

The weighted average number of ordinary shares calculation is based on the period beginning 1 July 2017. For details of shares issued during the period refer to note 11.

	<b>31 December 2017 US\$</b>	31 December 2016 US\$
<b>15. NOTES TO THE CASH FLOW STATEMENT</b>		
<b>15.1 Cash utilised by operations</b>		
Profit before tax	<b>15,211,212</b>	17,939,025
Adjustments for:		
Realised gains on investments	<b>(6,173)</b>	(5,511,708)
Fair value profit on revaluation of investments	<b>(3,384,294)</b>	(9,013,127)
Reversal of impairment of loan to subsidiary	<b>(12,535,975)</b>	(5,368,375)
Foreign exchange losses/(gains)	<b>(805,270)</b>	405,114
Interest income	<b>(32)</b>	(14)
Interest expense	<b>1,112,921</b>	1,398,643
Operating loss before working capital change	<b>(407,611)</b>	(150,442)
Decrease/(increase) in trade and other receivables	<b>-</b>	12,109
Increase in trade and other payables	<b>86,424</b>	218,938
Decrease in balance due to brokers	<b>-</b>	(78,140)
	<b>(321,187)</b>	2,465

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

### 16. FINANCIAL RISK MANAGEMENT

The Board of Directors, together with the Investment Manager, is responsible for the company's risk management. The Directors' policies and processes for managing the financial risks are set out below. These financial risks are principally related to the market (currency movements, interest rate changes and security price movements), liquidity and credit and counterparty risk.

The accounting policies which govern the reported statement of financial position carrying values of the underlying financial assets and liabilities, as well as the related income and expenditure, are set out in note 3 to the Accounts. The policies are in compliance with IFRS and best practice, and include the valuation of financial assets and liabilities at fair value through profit and loss.

#### *Categories of financial instruments*

The analysis of assets into their categories as defined in IAS 39 "Financial Instruments: Recognition and Measurement" (IAS39) is set out in the following table. For completeness, assets and liabilities of a non-financial nature, or financial assets and liabilities that are specifically excluded from the scope of IAS 39, are reflected in the non-financial assets and liabilities category.

The table below sets out the classification of each class of financial assets and liabilities. All assets and liabilities approximate their fair values:

	<b>Designated at fair value through profit and loss US\$</b>	<b>Loans and receivables at fair value through profit and loss US\$</b>	<b>Total carrying value US\$</b>
<b>31 December 2017</b>			
<b>Assets</b>			
Investment in subsidiaries	4,358,761	–	4,358,761
Investments	77,877,484	–	77,877,484
Loans to subsidiaries	–	14,169,267	14,169,267
Cash and cash equivalents	–	216,083	216,083
	82,236,245	14,385,350	96,621,595
<b>Liabilities</b>			
Loans from subsidiaries	–	5,338,422	5,338,422
Loan from parent	–	19,150,033	19,150,033
Trade and other payables	–	346,845	346,845
	–	24,835,300	24,835,300
<b>30 June 2017</b>			
<b>Assets</b>			
Investments in subsidiaries	3,181,102	–	3,181,102
Investments	47,685,376	–	47,685,376
Loans to subsidiaries	–	30,027,206	30,027,206
Cash and cash equivalents	–	15,828	15,828
	50,866,478	30,043,034	80,909,512

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

30 June 2017	Designated at fair value through profit and loss US\$	Loans and receivables at fair value through profit and loss US\$	Total carrying value US\$
<b>Liabilities</b>			
Loans from subsidiaries	–	5,351,022	5,351,022
Loan from parent	–	22,257,029	22,257,029
Trade and other payables	–	260,421	260,421
	–	27,868,472	27,868,472

### 16.1 Fair values of financial assets and liabilities

The assets and liabilities of the company are, in the opinion of the Directors, reflected in the Statement of financial position at fair value. Borrowings under loan facilities do not have a value materially different from their capital repayment amount. Borrowings in foreign currencies are converted into United States dollars at exchange rates ruling at each valuation date.

Unquoted investments are valued based on professional assumptions and advice that is not wholly supported by prices from current market transactions or by observable market data.

#### Valuation of financial instruments

The table below analyses financial assets measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

- Level 1: The fair values are measured using quoted prices in active markets.
- Level 2: The fair values are measured using inputs, other than quoted prices, that are included within level 1, that are observable for the asset.
- Level 3: The fair values are measured using inputs for the asset or liability that are not based on observable market data. The directors make use of recognised valuation techniques and may take account of recent arms' length transactions in the same or similar investments.

The Directors regularly review the principles applied by the Investment manager to those valuations to ensure they comply with the company's accounting policies and with fair value principles.

#### Level 3 financial Instruments

##### *Valuation methodology*

The directors have satisfied themselves as to the methodology used, the discount rates and key assumptions applied, and the valuation. The level 3 assets have each been assessed based on its industry, location and business cycle. Where sensible, the Directors have taken into account observable data and events to underpin the valuations.

The level 3 investments are split between a) unlisted companies and b) Investments and loans in subsidiaries.

##### *(i) Unlisted companies*

##### *Seacrest LP ("Seacrest") Bermuda incorporated*

*Valuation inputs:* The unlisted investment comprises an equity interest in Seacrest. The company's sole asset is its holding in Azimuth, a joint venture between Seacrest and PGS (the listed Norwegian seismic data service company). Azimuth owns a number of operating subsidiaries.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

The valuation of Azimuth is based on fair value US GAAP accounting. Using the General Partner's valuation of the Seacrest portfolio a discount is applied to each Azimuth subsidiary. The extent of the discount depends on whether the assets are in a mature or frontier basin. In addition, following the fall in the oil price a further discount was applied thereby calculating a fair value for Azimuth. On this basis Azimuth was valued as at 31 December 2017 at US\$41.038m. The Directors deem this valuation method to be appropriate.

*Valuation methodology:* Zeta has used a fair value valuation of Seacrest of US\$0.5415 per share based on the value of Azimuth, described above.

*Sensitivities:* Given Azimuth is an exploration company and owns a number of operating subsidiaries its risks are significant. Should commercially recoverable oil not be discovered then the value will fall to nil. Should substantial commercially recoverable oil be discovered the valuation uplifts are significant.

### (ii) Investments and loans in subsidiaries

*Zeta Energy Pte. Ltd. ("Zeta Energy") Singapore incorporated*

*Valuation inputs:* The key asset is the investment loan to Zeta Energy which was utilised for the purchase of listed investments, and which was impaired, through profit and loss, to the fair value of the company as determined by the directors based on the valuation of the investments held by Zeta Energy as at 31 December 2017.

*Valuation methodology:* Zeta has used a fair value valuation of losses incurred by Zeta Energy on its investments by which to impair the loan value in the accounts as at 31 December 2016.

*Sensitivities:* Given Zeta Energy's assets comprise listed investments its risks are significant in both directions. Increases in share prices will increase the value of the loan and decreases in share prices will further decrease the value of the loan

### *Other investments and loans to subsidiaries*

Zeta has further investments and loans to subsidiaries valued at book and realisable value, with a total value of US\$4.4m. (2016: US\$3.0m)

<b>31 December 2017</b>	<b>Level 1 US\$</b>	<b>Level 2 US\$</b>	<b>Level 3 US\$</b>
<b>Financial assets</b>			
Investments	70,532,877	-	7,344,607
Investments in subsidiaries	-	-	4,358,761
Loans to subsidiaries	-	-	14,169,267

The following table shows a reconciliation from opening balances to closing balances for fair value measurements in level 3 investments of the fair value hierarchy:

	<b>Level 3</b>	<b>Level 3 Investments in subsidiaries</b>	<b>Level 3 loans to subsidiaries</b>
At 1 July 2017	408,583	3,181,102	30,027,206
Acquisitions at cost	12,618,450	6,324,080	92,766
Disposals during the year	-	-	(29,508,082)
Total gains/(losses) recognised in:			
- fair value through profit or loss	(5,682,426)	(5,146,421)	13,557,377
Balance at 31 December 2017	7,344,607	4,358,761	14,169,267

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

30 June 2017	Level 1	Level 2	Level 3
<b>Financial assets</b>			
Investments	47,276,793	–	408,583
Investment in subsidiaries	–	–	3,181,102
Loan to subsidiary	–	–	30,027,206

The following table shows a reconciliation from opening balances to closing balances for fair value measurements in level 3 investments of the fair value hierarchy:

	Level 3	Level 3 Investments in subsidiaries	Level 3 loan to subsidiaries
At 30 June 2016	9,036,636	3,086,091	29,803,322
Acquisitions at cost	332,920	–	11,200,000
Disposals during the year	(11,200,000)	–	(12,137,850)
Total gains recognised in: - fair value through profit or loss	2,239,027	95,011	1,161,734
Balance at 30 June 2017	408,583	3,181,102	30,027,206

### 17. RELATED PARTIES

#### 17.1 Material related parties

##### *Holding company*

The company's holding company is UIL Limited which held 86.75% of the company's issued share capital on 31 December 2017. UIL Limited is in turn owned 62.09% by General Provincial Life Pension Fund (L) Limited.

##### *Subsidiary companies*

The only subsidiaries are Kumarina Resources Limited, Pan Pacific Petroleum NL, Zeta Energy Pte. Ltd. and Zeta Investments Limited, all 100% held subsidiaries.

##### *Key management personnel*

Key management personnel and their close family members and entities which they control, jointly or over which they exercise significant influence are considered related parties of the company. The company's directors, as listed in the Director's report are considered to be key management personnel of the company.

##### *Investment manager*

ICM Limited is the investment manager of the company, its subsidiaries and of UIL Limited.



## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

	<b>31 December</b>	30 June
	<b>2017</b>	2017
	<b>US\$</b>	US\$
<b>17.2 Material related party transactions</b>		
<b>Nature of transactions</b>		
Investments in related parties:		
Kumarina	<b>3,236,512</b>	3,181,100
Pan Pacific Petroleum NL	<b>1,122,247</b>	-
Zeta Investments	<b>1</b>	1
Zeta Energy	<b>1</b>	1
Loans to related parties:		
Kumarina	<b>335,885</b>	291,747
Zeta Energy	<b>13,833,382</b>	29,735,459
Loans from related parties:		
UIL Limited	<b>19,150,033</b>	22,257,029
Zeta Energy	<b>5,338,422</b>	5,351,022
Trade and other Payables		
ICM Limited	<b>260,291</b>	162,057
Directors	<b>37,500</b>	37,500
Interest charged by the subsidiaries	<b>167,788</b>	380,552
Interest charged by the parent company	<b>945,111</b>	2,246,555
Fees paid to the investment manager	<b>311,446</b>	481,772
Fees paid to the directors	<b>150,000</b>	150,000

During the six months ended 31 December 2017 the company held a loan from its subsidiary Zeta Energy. To secure the loan Zeta Resources has pledged certain quantities of its shares held in listed entities as per note 5.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

### 18. SEGMENTAL REPORTING

The company has four reportable segments, as described below, which are considered to be the company's strategic investments areas. For each investment area, the company's chief operating decision maker ("CODM") (ICM Limited – investment manager) reviews internal management reports on at least a monthly basis. The following summary describes each of the company's reportable segments:

**Gold:** Investments in companies which mine gold

**Oil & Gas:** Investments in companies which extract or prospect for oil or gas

**Mineral Exploration:** Investments in companies who mine minerals other than gold

**Other segments:** Activities which do not fit into one of the above segments

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the company's CODM. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the performance of certain segments relative to other entities that operate within these industries.

#### Information about reportable segments

	Gold US\$	Oil & gas US\$	Mineral exploration US\$	Other segments US\$	Total US\$
<b>31 December 2017</b>					
External revenues	(1,794,969)	(1,600,684)	19,640,711	32	16,245,090
Reportable segment revenue	(1,794,969)	(1,600,684)	19,640,711	32	16,245,090
Interest revenue	–	–	–	32	32
Interest expense	–	–	–	(1,112,921)	(1,112,921)
Reportable segment profit before tax	(1,794,969)	(1,600,684)	19,640,711	(1,033,846)	15,211,212
Reportable segment assets	28,837,532	21,425,530	46,142,488	216,085	96,621,595
Reportable segment liabilities	–	–	–	(24,835,300)	(24,835,300)
<b>31 December 2016</b>					
External revenues	2,169,189	7,519,065	10,586,361	(452)	20,274,163
Reportable segment revenue	2,169,189	7,519,065	10,586,361	(452)	20,274,163
Interest revenue	–	–	–	14	14
Interest expense	–	–	–	(1,398,643)	(1,398,643)
Reportable segment profit before tax	2,210,593	7,519,065	10,586,361	(2,376,994)	17,939,025
<b>30 June 2017</b>					
Reportable segment assets	26,371,713	30,392,342	24,129,627	15,830	80,909,512
Reportable segment liabilities	–	–	–	(27,868,472)	(27,868,472)

During the period there were no transactions between segments which results in income or expenditure.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

### Reconciliations of reportable segment revenues, profit or loss, assets and liabilities, and other material items

	31 December 2017 US\$	31 December 2016 US\$
<b>Revenues</b>		
Total revenue for reportable segments	16,245,058	20,274,615
Revenue for other segments	32	(452)
<b>Revenue</b>	<b>16,245,090</b>	<b>20,274,163</b>
<b>Profit or loss</b>		
Total revenue for reportable segments	16,245,058	20,316,019
Loss for other segments	(1,033,846)	(2,376,994)
<b>Consolidated loss before tax</b>	<b>15,211,212</b>	<b>17,939,025</b>
	31 December 2017 US\$	30 June 2017 US\$
<b>Assets</b>		
Total assets for reportable segments	96,405,510	80,893,682
Assets for other segments	216,085	15,830
<b>Consolidated total assets</b>	<b>96,621,595</b>	<b>80,909,512</b>
<b>Liabilities</b>		
Total liabilities for reportable segments	-	-
Liabilities for other segments	24,835,300	27,868,472
<b>Consolidated total liabilities</b>	<b>24,835,300</b>	<b>27,868,472</b>

#### 19. EVENTS AFTER THE REPORTING DATE

##### 19.1 Axelrock Limited

Zeta Resources Limited has executed a binding term sheet to acquire investment holding company Axelrock Limited ("Axelrock"). Per the term sheet, Zeta will acquire Axelrock for a security value of A\$50.1m by the issue of 110.8m new Zeta shares at a deemed issue price of A\$0.452 per share. Either party may, prior to the despatch of any notice of meeting required to be issued, request a good faith review of the consideration if there has been an adverse movement of at least 10% in the Axelrock portfolio value or the NTA of Zeta. The acquisition will occur before 30 June 2018.

##### 19.2 New Zealand Oil & Gas Limited

On 19 January 2018 following the acceptance by Zeta Energy of a partial takeover offer by O.G. Oil & Gas in respect of its shareholding in NZOG, 25,088,493 NZOG shares were accepted in the offer for NZ\$18.57m in cash. Subsequent to this, Zeta Energy has repaid NZ\$18.5m of its investment loan from Zeta. Also, Zeta has repaid NZ\$3.0m of its loan from subsidiary and NZ\$14.17m of its loan from parent.

## DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes of the company:
  - a. give a true and fair view of the financial position as at 31 December 2017 and the performance of the company for the six months ended on that date; and
  - b. comply with IAS 34, Interim Financial Reporting, relevant corporate regulations and any other mandatory professional reporting requirements.
2. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

A handwritten signature in black ink, appearing to read 'P. Sullivan', with a stylized flourish at the end.

Peter Sullivan  
Director  
7 February 2018